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-and-

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Alexandria, Virginia 22314  
Telephone: (571) 366-1702

Counsel for Claimant (Claim Nos. 1009, 9681)  
PARAMOUNT HOME ENTERTAINMENT INC.

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF VIRGINIA  
(Richmond Division)**

In re

CIRCUIT CITY STORES, INC., *et al.*,  
  
Debtors.<sup>2</sup>

Case No.: 08-35653-KRH  
(Jointly Administered)

Chapter 11

**RESPONSE OF PARAMOUNT HOME ENTERTAINMENT INC.  
TO DEBTORS' TWENTIETH OMNIBUS OBJECTION TO CLAIMS  
(RECLASSIFICATION TO UNSECURED CLAIMS OF CERTAIN CLAIMS  
FILED AS 503(B)(9) CLAIMS FOR GOODS RECEIVED BY THE DEBTORS  
NOT WITHIN TWENTY DAYS OF THE COMMENCEMENT OF THE CASE)**

<sup>1</sup> Applications for admission *pro hac vice* for Messrs. Stern and Tuchin and Ms. Avelino are being submitted concurrently.

<sup>2</sup> The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), Prahs, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512).

**I.**  
**BACKGROUND**

1. On November 10, 2008 (the “Petition Date”), the debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), filed voluntary petitions under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”) in this Court.

2. On November 12, 2008, the Court entered the *Order Establishing Bar Date for Filing Requests for Payment of Administrative Expense Claims Under Bankruptcy Code Sections 105 and 503(b)(9) and Approving Form, Manner and Sufficiency of Notice of the Bar Date Pursuant to Bankruptcy Rule 9007* [Docket No. 107] (the “503(b)(9) Bar Date Order”) setting December 19, 2008 as the deadline to file claims under section 503(b)(9) of the Bankruptcy Code (the “503(b)(9) Bar Date”).

3. On November 13, 2008, the Court entered the *Order Under Bankruptcy Code Sections 105(a), 362, 503(b), 507(a), 546(c), and 546(h) (I) Granting Administrative Expense Status to Obligations from Postpetition Delivery of Goods; (II) Authorizing Payment of Expenses in the Ordinary Course of Business; (III) Authorizing Debtors to Return Goods; and (IV) Establishing Procedures for Reclamation Demands* [Docket No. 133] (the “Reclamation Procedures Order”) establishing the process for filing reclamation demands and approving the Debtors’ procedures for handling such demands.

4. In compliance with the Reclamation Procedures Order, and indeed in advance of its entry, Paramount diligently served its *Demand for Reclamation of Goods by Paramount Home Entertainment* (the “Reclamation Demand”), attached hereto as Exhibit 1. In the Reclamation Demand, Paramount demanded the return of the products delivered to and accepted by the Debtors while insolvent in the ordinary course of business within the 45-day period preceding the Petition Date, which products had a total

value of \$11,600,840.04.<sup>3</sup> The Reclamation Demand was never responded to by the Debtors and the products were never returned.

5. In the ordinary course of business, prior to the Petition Date, Paramount Home Entertainment Inc. ("Paramount") regularly received orders from and shipped products to the Debtors. Because of this regular business practice, on the Petition Date, the Debtors had received many products from Paramount for which they had not yet paid, including goods received within the 20-day period preceding the Petition Date.

6. On December 19, 2008, Paramount filed its claim arising under section 503(b)(9) of the Bankruptcy Code, Claim No. 1009, asserting a priority claim in the amount of \$3,201,013.37 (the "503(b)(9) Claim"), attached hereto as Exhibit 2.<sup>4</sup> The 503(b)(9) Claim was filed in advance of the 503(b)(9) Bar Date and in compliance with the 503(b)(9) Bar Date Order.

7. On January 30, 2009, Paramount timely filed its general prepetition claim, Claim No. 9681, asserting a claim in the amount of \$16,497,463.67 (the "General Claim"), attached hereto as Exhibit 3. Because the Reclamation Demand had not been responded to by the Debtors and the 503(b)(9) Claim had neither been objected to nor paid, Paramount included a claim to administrative priority in the amount of \$14,801,853.41 in the General Claim, the right to which had previously been asserted in the Reclamation Demand and/or the 503(b)(9) Claim.

8. On June 23, 2009, the Debtors filed the *Debtors' Twentieth Omnibus Objection to Claims (Reclassification to Unsecured Claims of Certain Claims Filed as 503(b)(9) Claims for Goods Received by the Debtors Not Within Twenty Days of the*

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<sup>3</sup> When served on November 12, 2008, the Reclamation Demand included invoices and other supporting documentation, which clearly substantiate Paramount's valid reclamation right to goods with a value of \$11,600,840.04. Due to the voluminous nature of those documents, Paramount has not attached them to this response. However, upon request, the supporting documentation is available.

<sup>4</sup> When filed and served on December 19, 2008, the 503(b)(9) Claim included supporting documentation, which satisfied the Court's requirements for establishing a valid 503(b)(9) claim. Again, because these documents are voluminous, they are not included, but available upon request.

*Commencement of the Cases*) [Docket No. 3704] (the “503(b)(9) Objection”). In the 503(b)(9) Objection, it is Paramount’s understanding that the Debtors seek to reclassify \$67,378.80 of Paramount’s 503(b)(9) Claim to a general unsecured, non-priority claim.

9. In this response, Paramount seeks to clarify the reclassification of \$67,378.80 of the 503(b)(9) Claim and to assure that its allowance does not result in the denial of Paramount’s other rights to priority for the \$67,378.30, including as a reclamation claim. Further, Paramount wishes to reserve the right to respond to the 503(b)(9) Objection to the extent that it seeks to reclassify the 503(b)(9) Claim in any way not described herein and respectfully states as follows.<sup>5</sup>

**II.**  
**PARAMOUNT IS ENTITLED TO AN ADMINISTRATIVE EXPENSE CLAIM**  
**UNDER SECTION 503(B)(9) IN THE AMOUNT OF \$3,133,634.57**

10. Paramount opposes the reclassification of \$67,378.80 of the 503(b)(9) Claim not because it is entitled to section 503(b)(9) priority for the \$67,378.80, but instead because this same amount is the subject of its General Claim, in which it seeks administrative priority pursuant to its reclamation rights.

11. To the extent the Debtors contend that Paramount is entitled to an administrative expense priority claim arising under Bankruptcy Code section 503(b)(9) in the amount of \$3,133,634.57 (and no more), Paramount agrees. To the extent the Debtors contend that the amount of \$67,378.80 is a general unsecured claim, Paramount disagrees. That would be the result if and only if the Debtors successfully object to the reclamation amount within the General Claim. Paramount opposes the Debtors’ proposed treatment of the reclamation amount as a general unsecured claim in a response

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<sup>5</sup> Although multiple separate objections to the same proof of claim are authorized by the *Order Establishing Omnibus Objection Procedures and Approving the Form and Manner of Notice of Omnibus Objections* [Docket No. 2881] (the “Omnibus Objection Procedures Order”), the fact of such multiple objections – and Paramount is concurrently responding to a separate objection relating to its reclamation rights set forth in its General Claim – creates the possibility for confusion. Hence, Paramount, in its multiple responses to the Debtors’ multiple objections, raises all potential issues to prevent inadvertent disallowance or reclassification of its claims.

to the Debtors' objection to the General Claim, concurrently filed herewith.

### **III.** **OTHER MATTERS**

12. Under the Omnibus Objection Procedures Order, a response to an objection is required to contain certain information as follows:

- a. Identification of Persons with Knowledge of Facts Relevant to the Response. Paramount agrees with the Debtors' factual assertion that \$67,378.80 worth of product was received by the Debtors outside the statutory 20-day period preceding the Petition Date and no longer contends that the amount is entitled to section 503(b)(9) priority (although Paramount does contend it is otherwise entitled to priority). As the 503(b)(9) Objection now seeks solely to reclassify \$67,378.80 of Paramount's 503(b)(9) Claim on the basis of a legal theory (as opposed to a factual disagreement), Paramount cannot identify a person with knowledge of relevant facts. Of course, if the Debtors contend that the claim amount is otherwise improper – for example, if the Debtors contend that the goods were never received or were defective – Paramount will supply one or more witnesses to substantiate its claim.
- b. Copies of Documentation. For the same reasons set forth in the prior paragraph, no further documentation, beyond that which was attached to the Reclamation Demand and 503(b)(9) Claim, *see* notes 3 and 4, is required at this time.
- c. Declaration of Person with Knowledge of Relevant Facts. For the reasons set forth above, no declaration need be (or rationally could be) submitted at this time. Upon notice of any facts in dispute, Paramount will provide a declaration of a person with knowledge of such facts.
- d. Claimant's Address for Future Notices. Future notices should be sent to both counsel who have signed this pleading.

**IV.  
CONCLUSION**

13. To the extent that the 503(b)(9) Objection seeks to reduce the 503(b)(9) Claim by \$67,378.30 (from \$3,201,013.37 to \$3,133,634.57), Paramount does not oppose the relief requested.

14. To the extent that the 503(b)(9) Objection seeks other relief, including but not limited to denying any priority to the \$67,378.30, Paramount opposes such relief, as it contends it is entitled to priority to such amount as the result of its reclamation rights.

15. Paramount expressly reserves the right to oppose the 503(b)(9) Objection if the Debtors, through the 503(b)(9) Objection or otherwise, seek to reclassify the 503(b)(9) Claim other than in the very limited manner described in this response.

Respectfully submitted,

DATED: July 15, 2009

SUSAN R. PODOLSKY

By: 

Susan R. Podolsky (VA State Bar No. 27891)  
1800 Diagonal Road, Suite 600  
Alexandria, Virginia 22314  
Telephone: (571) 366-1702  
Email: [susanpodolsky@verizon.net](mailto:susanpodolsky@verizon.net)

KLEE, TUCHIN, BOGDANOFF & STERN LLP

By: 

David M. Stern  
1999 Avenue of the Stars, 39<sup>th</sup> Floor  
Los Angeles, CA 90067  
Tel: (310) 407-4000  
Email: [dstern@ktbslaw.com](mailto:dstern@ktbslaw.com)

Counsel for PARAMOUNT HOME  
ENTERTAINMENT INC.

### **CERTIFICATE OF SERVICE**

I, David M. Stern, hereby certify that a true and correct copy of the foregoing *Response of Paramount Home Entertainment Inc. to Debtors' Twentieth Omnibus Objection to Claims (Reclassification to Unsecured Claims of Certain Claims Filed As 503(B)(9) Claims for Goods Received by the Debtors Not Within Twenty Days of the Commencement of the Case)* has been served upon the parties listed below via overnight courier and electronic mail on this 15th day of July, 2009.

/s/ David M. Stern

David M. Stern (dstern@ktbslaw.com)

**Debtors' Counsel**

SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM, LLP  
One Rodney Square  
PO Box 636  
Wilmington, DE 19899-0636  
Attn: Gregg M. Galardi  
Attn : Ian S. Fredericks

--and --

SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM, LLP  
One Rodney Square  
Wilmington, DE 19899  
Attn: Gregg M. Galardi  
Attn: Ian S. Fredericks

SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM, LLP  
333 West Wacker Drive  
Chicago, IL 60606  
Attn: Chris L. Dickerson

MCGUIRE WOODS LLP  
One James Center  
901 E. Cary Street  
Richmond, VA 23219  
Attn: Dion W. Hayes  
Attn: Douglas M. Foley

## **Exhibit 1**



MICHAEL L. TUCHIN (State Bar No. 150375),  
DAVID A. FIDLER (State Bar No. 195648), and  
COURTNEY E. POZMANTIER (State Bar No. 242103), Attorneys With  
KLEE, TUCHIN, BOGDANOFF & STERN LLP  
1999 Avenue of the Stars, 39<sup>th</sup> Floor  
Los Angeles, California 90067  
Telephone: (310) 407-4000  
Facsimile: (310) 407-9090

Counsel for Claimant  
PARAMOUNT HOME ENTERTAINMENT

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF VIRGINIA  
(Richmond Division)**

In re

CIRCUIT CITY STORES, INC., *et al.*,

Debtors.<sup>1</sup>

Case No.: 08-35653-KRH  
(Joint Administration Pending)

Chapter 11

**DEMAND FOR RECLAMATION OF GOODS BY  
PARAMOUNT HOME ENTERTAINMENT**

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To: Circuit City Stores, Inc., Circuit City Stores West Coast, Inc., InterTAN, Inc., Ventoux International, Inc., Circuit City Purchasing Company, LLC, CC Aviation, LLC, CC Distribution Company of Virginia, Inc., Circuit City Properties, LLC, Kinzer Technology, LLC, Abbott Advertising Agency, Inc., Patapsco Designs, Inc., Sky Venture

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<sup>1</sup> The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), Prahs, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512).

Corp., Prahs, Inc., XSStuff, LLC, Mayland MN, LLC, Courchevel, LLC, Orbyx Electronics, LLC, and Circuit City Stores PR, LLC (together, the "Debtors" and individually, a "Debtor").

PLEASE TAKE NOTICE that pursuant to Bankruptcy Code section 546(c), 11 U.S.C. 546(c), California Commercial Code § 2702, Uniform Commercial Code § 2-702, and comparable provisions affording rights of reclamation under other applicable state law, and by reason of the insolvency of each of the Debtors, Paramount Home Entertainment ("Paramount") hereby demands from each Debtor immediate return (reclamation) of all products shipped and delivered to and accepted by that Debtor pursuant to the invoices and other documents listed on the invoice detail ("Invoice Detail"), which is attached hereto as Exhibit 1. The total amount described on the Invoice Detail is \$11,600,840.04, though the Invoice Detail may include products that are not subject to reclamation. Unless each of the Debtors returns said products immediately, Paramount asserts its rights under 11 U.S.C. 546(c).

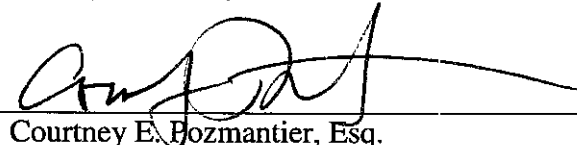
PLEASE TAKE FURTHER NOTICE that Paramount asserts an administrative claim pursuant to Bankruptcy Code section 503(b)(9) for the value of the goods Paramount provided to the Debtors within the twenty (20) days immediately prior to the date the Debtors filed their chapter 11 petitions (the "503(b)(9) Claim"). Paramount reserves all rights with respect to the 503(b)(9) Claim, and is still working to determine the amount of the 503(b)(9) Claim.

The invoices and/or other documents described on the Invoice Detail are voluminous and are only being served on the Debtors and their counsel. They are available upon written request to the undersigned.

DATED: November 10, 2008

KLEE, TUCHIN, BOGDANOFF & STERN LLP

By:



Courtney E. Bozmantier, Esq.  
Counsel for Claimant PARAMOUNT HOME  
ENTERTAINMENT

**PROOF OF SERVICE**

I declare that I am over eighteen years of age and that I am not a party to this action. My business address is 1999 Avenue of the Stars, Thirty-Ninth Floor, Los Angeles, California 90067-6049.

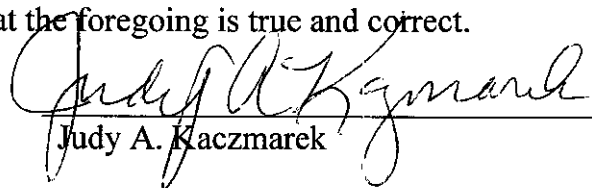
On November 11, 2008, I served a true and correct copy of the following document on the parties indicated on the attached list by using the method indicated below:

**DEMAND FOR RECLAMATION OF GOODS BY PARAMOUNT HOME ENTERTAINMENT**

- ☐ **By First-Class Mail:** I am readily familiar with the business practice of collection and processing of correspondence for mailing with the United States Postal Service. I know that the document(s) listed above was deposited with the United States Postal Service on the same day this declaration was executed in the ordinary course of business. I know that the above-referenced document(s) were placed into the envelopes, the envelopes were sealed and addressed as set forth on the attached list and, with postage thereon fully prepaid, the envelopes were placed for collection and mailing on this date, following ordinary business practices, in the United States mail at Los Angeles, California.
- ☐ **By Personal Service:** I caused such envelopes to be delivered by hand to the addresses indicated on the attached list.
- ☒ **By Overnight Courier:** I caused the above-referenced document to be delivered by overnight courier service for delivery as indicated on the attached list.
- ☐ **By Facsimile Machine:** I personally caused the above-referenced document(s) to be transmitted to the person(s) and at the telecopy number(s) indicated on the attached list. I confirmed that the intended recipient received the transmission either:
- ☐ By reviewing the transmission report(s) that the facsimile machine generated; or
- ☐ By contacting the recipient(s) by telephone at the telephone number(s) number indicated on the attached list.

I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made and that this declaration was executed at Los Angeles, California on November 11, 2008.

I declare under penalty of perjury that the foregoing is true and correct.

  
Judy A. Kaczmarek

1 Circuit City Stores, Inc., *et al.*  
Claims Processing  
2 c/o Kurtzman Carson Consultants LLC  
2335 Alaska Avenue  
3 El Segundo, CA 90245

4  
Circuit City Stores, Inc.  
5 Attn: Reginald D. Hedgebeth  
9950 Mayland Drive  
6 Richmond, VA 23233

7  
Circuit City Stores, Inc.  
8 Attn: Daniel W. Ramsey  
9950 Mayland Drive  
9 Richmond, VA 23233

10 Skadden, Arps, Slate, Meagher & Flom LLP  
11 Attn: Sarah Baker, Esq.  
333 West Wacker Drive  
12 Chicago, IL 60606

13 McGuireWoods LLP  
14 Attn: Sarah B. Boehm, Esq.  
One James Center  
15 901 E. Cary Street  
16 Richmond, VA 23219

## **Exhibit 2**

COPY

DEADLINE FOR  
FILING 503(b)(9)  
CLAIMS5:00 P.M. Pacific Time  
December 19, 2008

## Section 503(b)(9) Claim Request Form

Circuit City Stores, Inc., et al., Claims Processing c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, CA 90245		Circuit City Stores, Inc., et al. Case Nos. 08-35653 through 08-35670 Chapter 11 Jointly Administered
<b>NOTE:</b> Pursuant to an Order of the Bankruptcy Court in the above-referenced chapter 11 cases (see Docket No. 107), to have claims allowed as administrative expense under 11 U.S.C. § 503(b)(9), this form must be served upon Circuit City Stores, Inc., et al., Claims Processing, c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, CA 90245 by <u>December 19, 2008</u> , the Bar Date for Section 503(b)(9) claims in the above-referenced cases. The form may be submitted in person or by regular mail, overnight mail, or hand delivery. Facsimile, email or electronic submissions will not be accepted. Requests shall be deemed filed when actually received by Kurtzman Carson Consultants LLC.		
Name and Address of Creditor: <i>(The person or other entity to whom the debtor owes money or property)</i> Paramount Home Entertainment  Attn: Andi Marygold  5555 Melrose Avenue  Hollywood, CA 90038-3197  Telephone: (323) 956-5489 Fax: (323) 862-1183	<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.  <input checked="" type="checkbox"/> Check box if you have made any demand(s) to reclaim goods sold to the debtor under 11 U.S.C. § 546(c). (attach copies of any such demand(s)) See Attachment 2  <input type="checkbox"/> Check box if you have transferred the rights of your claim to any third party. If so please list name of transferee: _____  <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case.	Debtor against which claim is asserted: (Check one box below:)  <input checked="" type="checkbox"/> Circuit City Stores, Inc. (Tax I.D. No. 54-0493875) <input type="checkbox"/> Abbott Advertising, Inc. (Tax I.D. No. 54-1624659) <input type="checkbox"/> Circuit City Stores West Coast, Inc. (Tax I.D. No. 95-4460785) <input type="checkbox"/> CC Distribution Company of Virginia, Inc. (Tax I.D. No. 54-1712821) <input type="checkbox"/> Circuit City Properties, LLC (Tax I.D. No. 54-0793353) <input type="checkbox"/> Patapsco Designs, Inc. (Tax I.D. No. 52-1086796) <input type="checkbox"/> Ventoux International, Inc. (Tax I.D. No. 20-1071838) <input type="checkbox"/> Sky Venture Corporation (Tax I.D. No. 54-1760311) <input type="checkbox"/> Prahls, Inc. (n/a) <input type="checkbox"/> XS Stuff, LLC (Tax I.D. No. 54-2029263) <input type="checkbox"/> Kinzer Technology, LLC (Tax I.D. No. 54-2022157) <input type="checkbox"/> Circuit City Purchasing Company, LLC (Tax I.D. No. 20-0995170) <input type="checkbox"/> Orbyx Electronics, LLC (Tax I.D. No. 20-1203360) <input type="checkbox"/> InterTAN, Inc. (Tax I.D. No. 75-2130875) <input type="checkbox"/> CC Aviation, LLC (Tax I.D. No. 20-5290841) <input type="checkbox"/> Courchevel, LLC (n/a) <input type="checkbox"/> Circuit City Stores PR, LLC (Tax I.D. No. 66-0695512) <input type="checkbox"/> Mayland MN, LLC (Tax I.D. No. 20-0896116)
Name and address where notices should be sent (if different from above) Klee, Tuchin, Bogdanoff & Stern, LLP  Attn: Michael L. Tuchin  1999 Avenue of the Stars, 39th Floor  Los Angeles, CA 90067  Telephone: (310) 407-4000 Fax: (310) 407-9090		
ACCOUNT OR OTHER NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR: See Attachment 1		Check here if this claim <input type="checkbox"/> replaces <input type="checkbox"/> amends a previously filed claim, dated: _____
1. BASIS FOR CLAIM: Goods received by the Debtor within 20 days before the date of commencement of the case. Value of Goods: \$ 3,201,013.37 <sup>1</sup>		
2. DATE OF SHIPMENT: See Attachment 1 METHOD OF SHIPMENT: See Attachment 1 DATE OF RECEIPT: See Attachment 1 NAME OF CARRIER: See Attachment 1 PLACE OF DELIVERY: See Attachment 1		
3. TOTAL AMOUNT OF SECTION 503(b)(9) CLAIM: \$ 3,201,013.37 <input type="checkbox"/> Check the box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all additional charges.		
4. BRIEF DESCRIPTION OF CLAIM: Goods received by the Debtor within 20 days before commencement of the case. Describe goods sold: Pre-recorded DVD and Blu Ray Discs. <span style="float: right;"><i>Attach support for your claim.</i></span>		
5. CREDITS AND SETOFFS: The amount of all payments on this claim has been credited and deducted for the purpose of making this claim. In filing this claim, claimant has deducted all amounts that claimant owes to debtor.  6. SUPPORTING DOCUMENTS: <u>Attach copies of supporting documents</u> , such as promissory notes, purchase orders, invoices, itemized statements of running accounts, or contracts. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary. Attachments must be printed on 8-1/2" by 11" paper.  7. DATE-STAMPED COPY: To receive an acknowledgement of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this claim request form.  8. ORDINARY COURSE CERTIFICATION: By signing this claim request form, you are certifying that the goods for which payment is sought hereby, were sold to the debtor in the ordinary course of the debtor's business as required by 11 U.S.C. § 503(b)(9).  Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 35		<b>FOR COURT USE ONLY</b>  <div style="border: 1px solid black; padding: 10px; text-align: center;"> <b>RECEIVED</b>   <b>DEC 19 2008</b> </div> <div style="text-align: right; font-weight: bold;">KURTZMAN CARSON CONSULTANTS</div>
Date 12/18/08	Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any)  <i>Andi Marygold</i> Andi Marygold S.V.P. National Credit Paramount Home Ent	

<sup>1</sup> Claimant asserts that the value of the goods is equal to the invoice price.

### **Exhibit 3**

B 10 (Official Form 10) (12/07)

UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF VIRGINIA

PROOF OF CLAIM

Debtor against which claim is asserted: (Check only one box below:)

- ☒ Circuit City Stores, Inc. (Case No. 08-35653) ☐ CC Distribution Company of Virginia, Inc. (Case No. 08-35659) ☐ Abbott Advertising, Inc. (Case No. 08-35665)
- ☐ Circuit City Stores West Coast, Inc. (Case No. 08-35654) ☐ Circuit City Stores PR, LLC (Case No. 08-35660) ☐ Mayland MN, LLC (Case No. 08-35666)
- ☐ InterTAN, Inc. (Case No. 08-35655) ☐ Circuit City Properties, LLC (Case No. 08-35661) ☐ Patapasco Designs, Inc. (Case No. 08-35667)
- ☐ Ventoux International, Inc. (Case No. 08-35656) ☐ Orbyx Electronics, LLC (Case No. 08-35662) ☐ Sky Venture Corporation (Case No. 08-35668)
- ☐ Circuit City Purchasing Company, LLC (Case No. 08-35657) ☐ Kinzer Technology, LLC (Case No. 08-35663) ☐ XSSstuff, LLC (Case No. 08-35669)
- ☐ CC Aviation, LLC (Case No. 08-35658) ☐ Courchevel, LLC (Case No. 08-35664) ☐ PRAHS, INC. (Case No. 08-35670)

NOTE: This form should not be used to make a claim for administrative expenses arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503(a).

Name of Creditor (the person or other entity to whom the debtor owes money or property):

Paramount Home Entertainment

Name and address where notices should be sent:  
Paramount Home Entertainment

Andi Marygold

5555 Melrose Ave.

Telephone number: (323) 956-5489

Hollywood, CA 90038

Name and address where payment should be sent (if different from above):

same as above

Telephone number: same as above

☐ Check this box to indicate that this claim amends a previously filed claim.

Court Claim Number: \_\_\_\_\_  
(If known)

Filed on: \_\_\_\_\_

☐ Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

☐ Check this box if you are the debtor or trustee in this case.

1. Amount of Claim as of Date Case Filed: \$ 16,497,463.67<sup>1</sup>

If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4.

If all or part of your claim is entitled to priority, complete item 5.

☐ Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.

2. Basis for Claim: goods sold to debtor  
(See instruction #2 on reverse side.)

3. Last four digits of any number by which creditor identifies debtor: 0449

3a. Debtor may have scheduled account as: Paramount Home Video  
(See instruction #3a on reverse side.)

4. Secured Claim (See instruction #4 on reverse side.)

Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Claimant reserves its rights of recoupment and/or setoff.

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other

Describe:

Value of Property: \$ \_\_\_\_\_ Annual Interest Rate \_\_\_\_%

Amount of arrearage and other charges as of time case filed included in secured claim,

if any: \$ \_\_\_\_\_ Basis for perfection: \_\_\_\_\_

Amount of Secured Claim: \$ \_\_\_\_\_ Amount Unsecured: \$ \_\_\_\_\_

5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.

Specify the priority of the claim.

☐ Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

☐ Wages, salaries, or commissions (up to \$10,950\*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtors business, whichever is earlier — 11 U.S.C. § 507(a)(4).

☐ Contributions to an employee benefit plan — 11 U.S.C. § 507(a)(5).

☐ Up to \$2,425\* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use — 11 U.S.C. § 507(a)(7).

☐ Taxes or penalties owed to governmental units — 11 U.S.C. § 507(a)(8).

☒ Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(2).

Amount entitled to priority:

\$ 14,801,853.41<sup>2</sup>

\*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment

Date: 1/29/09

Signature: the person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.

Andi Marygold S.V.P. National Credit

FOR COURT USE ONLY  
RECEIVED

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KURTZMAN CARSON CONSULTANTS

<sup>1</sup> Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

<sup>2</sup> Claimant has filed a Reclamation Demand and a claim under section 503(b)(9). Those amounts have been included herein in an abundance of caution. Claimant reserves all of its rights with respect to its Reclamation Demand and claim under section 503(b)(9). See Attachment 2.

<sup>2</sup> This amount was asserted as a Reclamation Demand and a claim under section 503(b)(9).



## **Attachment 1**

The documents supporting this claim are not included because they are extremely voluminous. A summary would be thousands of pages long. They are available upon request.

## **Attachment 2**

### **Reclamation Demand and 503(b)(9) Claim**

The Reclamation Demand and 503(b)(9) Claim are submitted without the exhibit and attachments thereto because they are extremely voluminous. The exhibit and attachments are available upon request.

MICHAEL L. TUCHIN (State Bar No. 150375),  
DAVID A. FIDLER (State Bar No. 195648), and  
COURTNEY E. POZMANTIER (State Bar No. 242103), Attorneys With  
KLEE, TUCHIN, BOGDANOFF & STERN LLP  
1999 Avenue of the Stars, 39<sup>th</sup> Floor  
Los Angeles, California 90067  
Telephone: (310) 407-4000  
Facsimile: (310) 407-9090

Counsel for Claimant  
PARAMOUNT HOME ENTERTAINMENT

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF VIRGINIA  
(Richmond Division)**

In re

CIRCUIT CITY STORES, INC., *et al.*,

Debtors.<sup>1</sup>

Case No.: 08-35653-KRH  
(Joint Administration Pending)

Chapter 11

**DEMAND FOR RECLAMATION OF GOODS BY  
PARAMOUNT HOME ENTERTAINMENT**

To: Circuit City Stores, Inc., Circuit City Stores West Coast, Inc., InterTAN, Inc., Ventoux International, Inc., Circuit City Purchasing Company, LLC, CC Aviation, LLC, CC Distribution Company of Virginia, Inc., Circuit City Properties, LLC, Kinzer Technology, LLC, Abbott Advertising Agency, Inc., Patapsco Designs, Inc., Sky Venture

<sup>1</sup> The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), Prah's, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512).

Corp., Prahs, Inc., XSStuff, LLC, Mayland MN, LLC, Courchevel, LLC, Orbyx Electronics, LLC, and Circuit City Stores PR, LLC (together, the "Debtors" and individually, a "Debtor").

PLEASE TAKE NOTICE that pursuant to Bankruptcy Code section 546(c), 11 U.S.C. 546(c), California Commercial Code § 2702, Uniform Commercial Code § 2-702, and comparable provisions affording rights of reclamation under other applicable state law, and by reason of the insolvency of each of the Debtors, Paramount Home Entertainment ("Paramount") hereby demands from each Debtor immediate return (reclamation) of all products shipped and delivered to and accepted by that Debtor pursuant to the invoices and other documents listed on the invoice detail ("Invoice Detail"), which is attached hereto as Exhibit 1. The total amount described on the Invoice Detail is \$11,600,840.04, though the Invoice Detail may include products that are not subject to reclamation. Unless each of the Debtors returns said products immediately, Paramount asserts its rights under 11 U.S.C. 546(c).

PLEASE TAKE FURTHER NOTICE that Paramount asserts an administrative claim pursuant to Bankruptcy Code section 503(b)(9) for the value of the goods Paramount provided to the Debtors within the twenty (20) days immediately prior to the date the Debtors filed their chapter 11 petitions (the "503(b)(9) Claim"). Paramount reserves all rights with respect to the 503(b)(9) Claim, and is still working to determine the amount of the 503(b)(9) Claim.

The invoices and/or other documents described on the Invoice Detail are voluminous and are only being served on the Debtors and their counsel. They are available upon written request to the undersigned.

DATED: November 10, 2008

KLEE, TUCHIN, BOGDANOFF & STERN LLP

By:



Courtney E. Bozmantier, Esq.  
Counsel for Claimant PARAMOUNT HOME ENTERTAINMENT

**PROOF OF SERVICE**

I declare that I am over eighteen years of age and that I am not a party to this action. My business address is 1999 Avenue of the Stars, Thirty-Ninth Floor, Los Angeles, California 90067-6049.

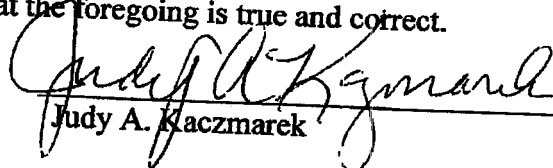
On November 11, 2008, I served a true and correct copy of the following document on the parties indicated on the attached list by using the method indicated below:

**DEMAND FOR RECLAMATION OF GOODS BY PARAMOUNT HOME ENTERTAINMENT**

- ☐ **By First-Class Mail:** I am readily familiar with the business practice of collection and processing of correspondence for mailing with the United States Postal Service. I know that the document(s) listed above was deposited with the United States Postal Service on the same day this declaration was executed in the ordinary course of business. I know that the above-referenced document(s) were placed into the envelopes, the envelopes were sealed and addressed as set forth on the attached list and, with postage thereon fully prepaid, the envelopes were placed for collection and mailing on this date, following ordinary business practices, in the United States mail at Los Angeles, California.
- ☐ **By Personal Service:** I caused such envelopes to be delivered by hand to the addresses indicated on the attached list.
- ☒ **By Overnight Courier:** I caused the above-referenced document to be delivered by overnight courier service for delivery as indicated on the attached list.
- ☐ **By Facsimile Machine:** I personally caused the above-referenced document(s) to be transmitted to the person(s) and at the telecopy number(s) indicated on the attached list. I confirmed that the intended recipient received the transmission either:
- ☐ By reviewing the transmission report(s) that the facsimile machine generated; or
- ☐ By contacting the recipient(s) by telephone at the telephone number(s) number indicated on the attached list.

I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made and that this declaration was executed at Los Angeles, California on November 11, 2008.

I declare under penalty of perjury that the foregoing is true and correct.

  
Judy A. Kaczmarek

KLEE, TUCHIN, BOGDANOFF & STERN LLP  
1999 AVENUE OF THE STARS, 39TH FLOOR  
LOS ANGELES, CALIFORNIA 90067-6049  
TELEPHONE: (310) 407-4000

1 Circuit City Stores, Inc., *et al.*  
Claims Processing  
2 c/o Kurtzman Carson Consultants LLC  
2335 Alaska Avenue  
3 El Segundo, CA 90245

4  
5 Circuit City Stores, Inc.  
Attn: Reginald D. Hedgebeth  
9950 Mayland Drive  
6 Richmond, VA 23233

7  
8 Circuit City Stores, Inc.  
Attn: Daniel W. Ramsey  
9950 Mayland Drive  
9 Richmond, VA 23233

10  
11 Skadden, Arps, Slate, Meagher & Flom LLP  
Attn: Sarah Baker, Esq.  
333 West Wacker Drive  
12 Chicago, IL 60606

13  
14 McGuireWoods LLP  
Attn: Sarah B. Boehm, Esq.  
One James Center  
15 901 E. Cary Street  
16 Richmond, VA 23219

KLEE, TUCHIN, BODANOFF & STERN LLP  
1999 AVENUE OF THE STARS, 39TH FLOOR  
LOS ANGELES, CALIFORNIA 90067-6049  
TELEPHONE: (310) 407-4000

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COPY

DEADLINE FOR  
 FILING 503(b)(9)  
 CLAIMS

5:00 P.M. Pacific Time  
 December 19, 2008

## Section 503(b)(9) Claim Request Form

Circuit City Stores, Inc., et al., Claims Processing c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, CA 90245		Circuit City Stores, Inc., et al. Case Nos. 08-35653 through 08-35670 Chapter 11 Jointly Administered	
<b>NOTE:</b> Pursuant to an Order of the Bankruptcy Court in the above-referenced chapter 11 cases (see Docket No. 107), to have claims allowed as administrative expense under 11 U.S.C. § 503(b)(9), this form must be served upon Circuit City Stores, Inc., et al., Claims Processing, c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, CA 90245 by <u>December 19, 2008</u> , the Bar Date for Section 503(b)(9) claims in the above-referenced cases. The form may be submitted in person or by regular mail, overnight mail, or hand delivery. Facsimile, email or electronic submissions will not be accepted. Requests shall be deemed filed when actually received by Kurtzman Carson Consultants LLC.			
Name and Address of Creditor: <i>(The person or other entity to whom the debtor owes money or property)</i> Paramount Home Entertainment  Attn: Andi Marygold  5555 Melrose Avenue  Hollywood, CA 90038-3197  Telephone: (323) 956-5489 Fax: (323) 862-1183	<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.  <input checked="" type="checkbox"/> Check box if you have made any demand(s) to reclaim goods sold to the debtor under 11 U.S.C. § 546(c). (attach copies of any such demand(s)) See Attachment 2  <input type="checkbox"/> Check box if you have transferred the rights of your claim to any third party. If so please list name of transferee: _____  <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case.	Debtor against which claim is asserted: (Check one box below:)  <input checked="" type="checkbox"/> Circuit City Stores, Inc. (Tax I.D. No. 54-0493875) <input type="checkbox"/> Abbott Advertising, Inc. (Tax I.D. No. 54-1624659) <input type="checkbox"/> Circuit City Stores West Coast, Inc. (Tax I.D. No. 95-4460785) <input type="checkbox"/> CC Distribution Company of Virginia, Inc. (Tax I.D. No. 54-1712821) <input type="checkbox"/> Circuit City Properties, LLC (Tax I.D. No. 54-0793353) <input type="checkbox"/> Patapsco Designs, Inc. (Tax I.D. No. 52-1086796) <input type="checkbox"/> Ventoux International, Inc. (Tax I.D. No. 20-1071838) <input type="checkbox"/> Sky Venture Corporation (Tax I.D. No. 54-1760311) <input type="checkbox"/> Prahls, Inc. (n/a) <input type="checkbox"/> XS Stuff, LLC (Tax I.D. No. 54-2029263) <input type="checkbox"/> Kinzer Technology, LLC (Tax I.D. No. 54-2022157) <input type="checkbox"/> Circuit City Purchasing Company, LLC (Tax I.D. No. 20-0995170) <input type="checkbox"/> Orbyx Electronics, LLC (Tax I.D. No. 20-1203360) <input type="checkbox"/> InterTAN, Inc. (Tax I.D. No. 75-2130875) <input type="checkbox"/> CC Aviation, LLC (Tax I.D. No. 20-5290841) <input type="checkbox"/> Courchevel, LLC (n/a) <input type="checkbox"/> Circuit City Stores PR, LLC (Tax I.D. No. 66-0695512) <input type="checkbox"/> Mayland MN, LLC (Tax I.D. No. 20-0896116)	
Name and address where notices should be sent (if different from above) Klee, Tuchin, Bogdanoff & Stern, LLP  Attn: Michael L. Tuchin  1999 Avenue of the Stars, 39th Floor  Los Angeles, CA 90067  Telephone: (310) 407-4000 Fax: (310) 407-9090			
ACCOUNT OR OTHER NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR: See Attachment 1		Check here if this claim <input type="checkbox"/> replaces <input type="checkbox"/> amends a previously filed claim, dated: _____	
1. BASIS FOR CLAIM: Goods received by the Debtor within 20 days before the date of commencement of the case. Value of Goods: \$ 3,201,013.37 <sup>1</sup>			
2. DATE OF SHIPMENT: See Attachment 1 METHOD OF SHIPMENT: See Attachment 1 DATE OF RECEIPT: See Attachment 1 NAME OF CARRIER: See Attachment 1 PLACE OF DELIVERY: See Attachment 1			
3. TOTAL AMOUNT OF SECTION 503(b)(9) CLAIM: \$ 3,201,013.37 <input type="checkbox"/> Check the box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all additional charges.			
4. BRIEF DESCRIPTION OF CLAIM: Goods received by the Debtor within 20 days before commencement of the case. Describe goods sold: Pre-recorded DVD and Blu Ray Discs. <span style="float: right;"><i>Attach support for your claim.</i></span>			
5. CREDITS AND SETOFFS: The amount of all payments on this claim has been credited and deducted for the purpose of making this claim. In filing this claim, claimant has deducted all amounts that claimant owes to debtor.  6. SUPPORTING DOCUMENTS: <u>Attach copies of supporting documents</u> , such as promissory notes, purchase orders, invoices, itemized statements of running accounts, or contracts. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary. Attachments must be printed on 8-1/2" by 11" paper.  7. DATE-STAMPED COPY: To receive an acknowledgement of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this claim request form.  8. ORDINARY COURSE CERTIFICATION: By signing this claim request form, you are certifying that the goods for which payment is sought hereby, were sold to the debtor in the ordinary course of the debtor's business as required by 11 U.S.C. § 503(b)(9).  Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 35			<b>FOR COURT USE ONLY</b>  <div style="border: 1px solid black; padding: 10px; text-align: center;"> <b>RECEIVED</b>   <b>DEC 19 2008</b> </div> <div style="text-align: right; font-weight: bold;">KURTZMAN CARSON CONSULTANTS</div>
Date 12/18/08	Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any) <div style="text-align: center;"> <i>Andi Marygold</i> Andi Marygold S.V.P. National Credit          Paramount Home Ent       </div>		

<sup>1</sup> Claimant asserts that the value of the goods is equal to the invoice price.